

Market research proposal – cadbury



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The chocolate industry in India as it stands today is dominated by two companies, both multinationals. The market leader is Cadbury with a lion's share of 70 percent. The company's brands (Five Star, Gems, Eclairs, Perk, Dairy Milk) are leaders their segments. Till the early 90s, Cadbury had a market share of over 80 percent, but its party was spoiled when Nestle appeared on the scene. The latter has introduced its international brands in the country (Kit Kat, Lions), and now commands approximately 15 percent market share.

The Gujarat Co-operative Milk Marketing Federation (GCMMF) and Central Arecanut and Cocoa Manufactures and Processors Cooperative (CAMPCO) are the other companies operating in this segment. Competition in the segment will get keener as overseas chocolate giants Hershey's and Mars consolidate to grab a bite of the Indian chocolate pie. Cadbury India is a food product company with interests in Chocolate Confectionery, Milk Food Drinks, Snacks, and Candy. Cadbury is the market leader in Chocolate Confectionery business with a market share of over 70%.

To understand the buying behaviour of the various age groups in purchasing and consuming chocolates 3. To determine consumers mindset to current chocolate brands and scope for new variants of chocolate 4. To determine the impact of pricing and promotion as a driver in purchase of chocolates

Research Design and Methodology As shown by the MDP and MRP obtained via the FGD and in depth interviews the primary objective of Cadbury India Ltd is to explore the opportunity for a new chocolate variant(white chocolate for e. g. in the confectionary market. At present a very small percentage of the confectionary market is white chocolate based. Phases of the Research

The research will be carried out in the following distinct phases: 1. Literature review to determine various factors influencing the selection of chocolate and their consumption 2. Separate Focus Group Discussions of target users and prospective users (currently non users) of brown and white chocolates to gain insights into differences between preferences of users and non-users of chocolates. 3.

In-depth interviews to determine consumers' perception of the products and the latent needs required to be satisfied by the new product 4. Research questions and hypotheses created by the preceding steps and research tool (questionnaire) to be prepared and pre tested 5. Create a sampling plan, determine sample size and conduct survey using methods mentioned in the survey plan section. 6. Analyze data obtained from survey in order to establish the opportunity and expected product features. 7. Make recommendations on the basis of the research findings. Exploratory

Research Market Share

Cadbury(Dairy Milk, Perk, Gems, 5 Star, Celebrations, Bytes, Dairy Milk Eclairs, Eclairs Crunch): 70% Nestle: 15% Others: GCMMF CAMPCO HLL ITC
Per Capita Chocolate Consumption in India: 20gms per person Annual consumption: 22, 000 tons The market size of chocolates was estimated to be around 16, 000 tonnes, valued around Rs. 4. 16 billion in 1998. Volume growth which was over 20% pa in the 3 years preceding 1998, slowed down thereafter. Both chocolate and sugar confectioneries have abysmally low penetration levels, in fact, even lower than biscuits, which reach 56 per cent of the households.

Market growth in the chocolate segment has hovered between 10 to 20%. In the last five years, the category has grown by 14-15% on an average and will expect it to continue growing at a similar rate in the next five years. The market presently has close to 60mn consumers and they are mainly located in the urban areas. Growth will mainly come through an increase in penetration as income levels improve. However, almost all of this consumption is in the cities, and rural India is nearly ‘chocolate-free’. But the fact is that three quarters of Indians live in Rural Areas. Average summertime temperatures reach 43 degrees Celsius in India. Chocolate melts at body temperature of 36 degrees. ” Per capita consumption of chocolates in India is minuscule at 20gms in India as compared to around 5-8 kg and 8-10 kg respectively in most European countries. Awareness about Chocolates are very high in urban areas at over 95%. Growth of other lifestyle foods such as malted beverages and milk food have actually declined by 3.7 per cent and 11.7 per cent, however the CHOCOLATES continue to grow at the rate of 12.6%. Chocolate Consumption Structure – 2004

Chocolate & Confectionery Market of India – 2004 Source: AC Nielsen ORG
Marg report Market Size (by value & by volume) The Indian chocolate market is valued at Rs. 650 crore (i. e. Rs. 6.50 billion) a year. The Indian chocolate bazaar is estimated to be in the region of 22,000-24,000 tonnes per annum, and is valued in excess of \$ 80 million. Chocolate penetration in the country is a little over 4 percent, with India’s metros proving to be the big draw clocking penetration in excess of 15 percent. Next comes the relatively smaller cities/towns where consumption lags at about 8 percent.

Chocolates are a luxury in the rural segment, which explains the mere 2 percent penetration in villages. The market presently has close to 60mn consumers and they are mainly located in the urban areas. Focus Group Discussions Separate focus group discussions can be conducted for users and non-users of chocolates. The participants should be carefully selected from a pool of existing consumers and potential consumers and also consumers who are against chocolate. Such discussions can reveal useful insights into the important criteria which are used by consumers while selecting chocolate.

Also drivers/ barriers to the purchase of chocolates will be revealed from such discussions. (Check Appendix 1) In-depth Interviews In-depth interviews with users and non-users of chocolate will provide information about consumers' perceptions about the products and their latent and secret needs. The interviewer will be able to determine the key purchase drivers for purchase of chocolate. The interview will also provide information about consumers' various types of usage Sampling Design Define Target Population The target audiences for the MR are divided on the basis of age, gender, marital status, etc into various groups.

They all are from Sec-A, Sec-B households in tier I and tier II cities. 1. Children under 10 years of age 2. Teenagers from 12-19 years of age 3. Young adults from 20-28 years of age 4. Adults from 30-45 years of age 5. Middle aged people over 45 years of age Also among these audiences is divided on the basis of gender, marital status, number of children, educational level etc. Determine Sampling Frame The sampling frame used will be the household list obtained from the city corporation or alternatively <https://assignbuster.com/market-research-proposal-cadbury/>

the mobile numbers obtained from a telecom company depending on the survey method chosen Select a Sampling Technique

We would pick a Stratified Random Sample which would meet our criteria in terms of gender, age and social status. The strata are mentioned in the definition of the target audience. There are a total of 5 strata. The variables used to divide the population into strata are age, gender, marital status, number of children, educational level. Determine Sample Size All strata has to have equal no of respondents (n_h) and $\sum n_h = N$ (total sample size)
 Sample size is calculated using the formula $n_h = Z^2 * p(1-p)/e^2$ Here, Z = the abscissa of the normal curve that cuts off an area at the tails (1 - the desired confidence level, e. . , 95%) = 1. 96 (from Statistical table) p = estimated proportion of an attribute that is present in the population = 0. 9 (proportion of chocolate users as obtained from FGD and in depth interviews) e = desired level of precision = 5% Hence, $SS = (1. 96)^2 * 0. 9 * 0. 1 / (0. 05)^2 = 138. 2976 \sim 140$ Execute the survey of the sample The surveying methods intended to be used are

Research Questions and Hypotheses RQ1: What are the consumption and preference patterns of various age groups in chocolates? H0: Women consume more chocolate than men in the age group of greater than 20 H1: Unmarried adults of age greater than 20 years consume more chocolate than married adults H2: Children below the age group of 10 years prefer white (sweeter) chocolate over brown chocolates.

H3: Teenagers (Age groups – 13 to 20 years) have changing preferences in chocolates and look out for newer varieties H4: Young Adults (20-28) working

in the IT sector consume chocolate as a energy snack or as a quick meal

RQ2: What are the features in the product that are drivers/barriers in consuming the product? H5: Adults of age groups (30 – 45) are concerned about sugar levels and hence do not prefer chocolates H6: Adults (20-28) years look at calorie levels as a deciding factor H7: Children of age less than 10 years prefer chocolates which have shapes and different colors embedded (like cartoon characters, animals, pets, etc. H8: Children from age groups (less than 15 years) prefer bar chocolates to slab form of chocolates H9: Adults of age greater than 20 years perceive wafered chocolate as a healthier and tastier variant to normal chocolates H10: Children from age groups (less than 15 years) prefer add ons in the chocolate (nuts etc.) over normal variety RQ3: How does pricing impact various customer segments and their buying patterns?

H11: Parents with children of age group less than 10 years do not care about the pricing of the chocolate H12: Frequency of buying chocolates is more with teenagers of age groups 13 to 20 years H13: Teenagers of age groups 12 to 20 years think more on spending their pocket money on a single big SKU of chocolate than on multiple small variants H14: Adults of age groups of 24 – 30 years do not mind spending a premium price for special chocolate variants (like Cadbury Bourneville, Dairy Milk Silk, etc) RQ4: What are the promotion techniques popular among customers for chocolate in the current market?